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C O N F I D E N T I A L SAN SALVADOR 000179

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DEPARTMENT FOR WHA/CEN J. CORNFORTH AND PRM/PIM T. WRIGHT

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SUBJECT: EL SALVADOR: EXTENSION OF TPS FOR EL SALVADOR

REF: STATE 6653

Classified By: Ambassador Charles Glazer, reasons 1.4 (b) and (d)

¶1. (C) Temporary Protected Status should be extended again for the nearly 250,000 Salvadoran beneficiaries living and working in the United States. El Salvador's ongoing reconstruction from two devastating earthquakes in 2001 is incomplete, and a series of moderate local earthquakes during late December 2006 in Ahuachapan Department have exacerbated the situation by displacing nearly 2,000 more households. Current conditions prevent the safe return of Salvadoran nationals to a country still ill-prepared to absorb them. TPS remains an important bilateral issue, and the forced return of such a large group of people would not only have a severe negative impact on socioeconomic conditions but also severely damage bilateral relations with a country that is one of our most important allies in the region.

¶2. (SBU) The earthquakes of January and February 2001 claimed 1,159 lives, damaged or destroyed 276,000 homes, destroyed major hospitals and community infrastructure, and left unserviceable 1,400 miles of roadways. This major disruption to the economy and social fabric, despite major reconstruction efforts, has yet to be overcome. Though USAID's \$170 million disaster reconstruction program made significant improvements to damaged infrastructure, assistance from many other sources is still being implemented. The GOES has only recently begun to rebuild two of the seven hospitals damaged by the earthquakes. Repairing these hospitals will cost an estimated \$100 million, and the work will not be complete until 2009 at the earliest.

¶3. (C) To complicate matters, a series of moderate but localized earthquakes (up to 4.6 on the Richter Scale) hit the western half of El Salvador during the last week of 2006. There were a handful of deaths, and given the substandard housing prevalent in region, nearly 2,000 families were left homeless. The GOES has been unable to adequately respond to this latest natural disaster, and the Vice Ministry of Housing informed affected residents that the government would make loans to cover at most 35 percent of reconstruction costs. The other 65 percent would be paid directly by those affected.

¶4. (SBU) El Salvador has not recovered from the 2005 eruption of the Santa Ana Volcano, which was immediately followed by flooding and mud slides caused by Hurricane Stan. Those disasters resulted in 69 deaths and \$355.6 million in damage to housing and infrastructure. The GOES redirected local and international funding to address these crises, but as their response to the 2006 earthquakes shows, resources are scarce. Moreover, the GOES is redirecting resources to face the enormous challenge gang violence poses to the country's stability. The murder rate for El Salvador is the

highest per capita in the Western Hemisphere (58 per 100,000 in 2006) and is arguably one of the highest in the world outside of an active war zone. Gang violence continues to have a destabilizing effect on the society as a whole, damaging the basic social and economic fabric of the country.

15. (SBU) Though the economic situation in El Salvador has shown modest improvement in 2006, 35 percent of households nationwide still live in poverty. Poverty in rural areas, which often bear the brunt of natural disasters, is even higher, at 42 percent. Underemployment nationwide stands at 32 percent, and apparel manufacturers have cut thousands of jobs in the past year as increased competition from China takes its toll despite CAFTA-DR benefits. Remittances, which in 2006 were \$3.3 billion, remain an important source of income for the nearly 1.7 million people who receive them. With CAFTA-DR, the recently signed Millennium Challenge Compact, and other initiatives in support of economic growth, the USG is helping El Salvador establish the framework for growth in the long term, but the major benefits of these agreements, including the connection of the impoverished northern zones to the rest of the country, remain years away. At present, there are insufficient economic opportunities to ensure a secure reintegration of returnees, and social services are inadequate to attend to them.

16. (SBU) Despite the great strides the GOES has made in just 15 years since the end of the civil conflict to improve the living conditions of its citizens, some estimate that up to 600 Salvadorans per day leave the country headed for the United States. Many of them never make it to Mexico, let alone the United States. However, USG efforts to stem the flow of migrants and return citizens to their native country have yet to ebb the tide of Salvadorans emigrating illegally to the north.

17. (C) From a socioeconomic perspective, the GOES is not prepared to accept the return of nearly 250,000 nationals from the United States, in addition to the some 30,000 others who may face deportation this year. While there remains a clear statutory rationale for the extension of TPS again this year, the political importance of this issue cannot be underestimated. Such a massive deportation would be a political embarrassment for the GOES in the lead up to 2009 local, legislative, and presidential elections that could provide a significant boost to the electoral prospects of the communist-dominated and Chavez-supported FMLN. El Salvador under ARENA's leadership has been one of our most important allies in the Western Hemisphere, during a major rise of leftist populist regimes unfriendly to USG interests. El Salvador is currently deploying its eighth contingent of the Cuscatlan Battalion to Iraq (a deployment the government sees in part as an expression of gratitude for USG support in their own civil conflict), but terminating TPS would dramatically undermine President Saca's ability to support us on this and many other global and hemispheric issues of importance. For these reasons, in addition to the socioeconomic disruption such a massive deportation would cause, post continues to strongly advocate the extension of Temporary Protected Status for the Salvadoran nationals who are beneficiaries. Ending TPS now could have a profound negative impact on our bilateral relationship.
Glazer